

TOWNSHIP OF CLYDE  
Allegan County, Michigan  
03-1040  
GENERAL PURPOSE FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION

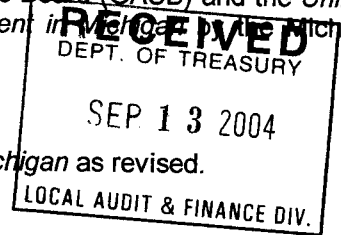
Year Ended March 31, 2004

## AUDITING PROCEDURES REPORT

Issue under P.A. 2 of 1968, as amended. Filing is mandatory.

<b>Local Government Type</b> <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		<b>Local Government Name</b> Township of Clyde	<b>County</b> Allegan
<b>Audit Date</b> March 31, 2004	<b>Opinion Date</b> August 12, 2004	<b>Date Accountant Report Submitted to State:</b> August 12, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan, as required by the Michigan Department of Treasury.



We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during they year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

### We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

<b>Certified Public Accountant (Firm Name)</b> Campbell, Kusterer & Co., P.C.			
<b>Street Address</b> 512 N. Lincoln, Suite 100, P.O. Box 686	<b>City</b> Bay City	<b>State</b> MI	<b>Zip</b> 48707
<b>Accountant Signature</b> Campbell, Kusterer & Co., P.C.			

TOWNSHIP OF CLYDE  
Allegan County, Michigan

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# CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

August 12, 2004

To the Township Board  
Township of Clyde  
Allegan County, Michigan

We have audited the accompanying general purpose financial statements of the Township of Clyde, Allegan County, Michigan, as of March 31, 2004, and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the Township of Clyde's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Township of Clyde, Allegan County, Michigan, as of March 31, 2004, and the results of its operations and the cash flows of its Trust Fund for the year then ended in conformity with accounting principles generally accepted in the United States.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Township of Clyde, Allegan County, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

*Campbell, Kusterer & Co., P.C.*

CAMPBELL, KUSTERER & CO., P.C.  
Certified Public Accountants

TOWNSHIP OF CLYDE  
Allegan County, Michigan

COMBINED BALANCE SHEET – ALL FUND TYPES AND ACCOUNT GROUPS

March 31, 2004

EXHIBIT A

	<u>Governmental Fund Type</u>	<u>Fiduciary Fund Types</u>	<u>Account Group</u>	<u>Total</u>
	<u>General</u>	<u>Trust and Agency</u>	<u>General Fixed Assets</u>	<u>(Memorandum Only)</u>
<u>Assets</u>				
Cash in bank	694 373 55	12 708 39	-	707 081 94
Investments	45 817 01	-	-	45 817 01
Taxes receivable	43 911 04	-	-	43 911 04
Due from other funds	117 76	-	-	117 76
Land and improvements	-	-	38 127 64	38 127 64
Buildings and improvements	-	-	112 699 37	112 699 37
Equipment	-	-	389 060 17	389 060 17
Total Assets	<u>784 219 36</u>	<u>12 708 39</u>	<u>539 887 18</u>	<u>1 336 814 93</u>
<u>Liabilities and Fund Equity</u>				
Liabilities:				
Accounts payable	6 486 92	-	-	6 486 92
Due to other funds	-	117 76	-	117 76
Total liabilities	<u>6 486 92</u>	<u>117 76</u>	<u>-</u>	<u>6 604 68</u>
Fund equity:				
Investment in general fixed assets	-	-	539 887 18	539 887 18
Fund balances:				
Reserved for cemetery care	-	12 590 63	-	12 590 63
Unreserved:				
Undesignated	777 732 44	-	-	777 732 44
Total fund equity	<u>777 732 44</u>	<u>12 590 63</u>	<u>539 887 18</u>	<u>1 330 210 25</u>
Total Liabilities and Fund Equity	<u>784 219 36</u>	<u>12 708 39</u>	<u>539 887 18</u>	<u>1 336 814 93</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF CLYDE  
Allegan County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – ALL GOVERNMENTAL FUND TYPES

Year Ended March 31, 2004

EXHIBIT B

Page 1

	<u>Governmental Fund Type</u>
	<u>General</u>
Revenues:	
Property taxes	223 875 05
Licenses and permits	1 432 70
State revenue sharing	167 070 38
Charges for services:	
Property tax administration	10 984 85
Sanitation – landfill	11 512 32
Other	3 961 53
Interest	5 784 74
Rents	925 00
Special assessments	1 200 04
Miscellaneous	1 254 79
Total revenues	<u>428 001 40</u>
Expenditures:	
Legislative:	
Township Board	20 436 17
General government:	
Supervisor	10 991 84
Assessor	18 912 34
Clerk	15 436 64
Board of Review	450 00
Treasurer	15 839 81
Building and grounds	12 791 32
Cemetery	4 812 69
Public safety:	
Ambulance	9 700 58
Fire protection	80 687 43
Police protection	32 371 46
Zoning Inspector	3 858 75
Planning – zoning	13 924 49
Public works:	
Highways and streets	132 206 50
Street lighting	1 791 66
Sanitary landfill	12 589 01

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF CLYDE  
Allegan County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – ALL GOVERNMENTAL FUND TYPES

Year Ended March 31, 2004

EXHIBIT B  
Page 2

	<u>Governmental Fund Type</u>
	<u>General</u>
Expenditures: (continued)	
Capital outlay	<u>10 985 45</u>
Total expenditures	<u>397 786 14</u>
Excess of revenues over expenditures	30 215 26
Fund balance, April 1	<u>747 517 18</u>
Fund Balance, March 31	<u><u>777 732 44</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF CLYDE  
Allegan County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND

Year Ended March 31, 2004

EXHIBIT C  
Page 1

	<u>General Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenues:			
Property taxes	215 300 00	223 875 05	8 575 05
Other taxes	7 800 00	-	(7 800 00)
Licenses and permits	1 500 00	1 432 70	(67 30)
State revenue sharing	180 000 00	167 070 38	(12 929 62)
Charges for services:			
Property tax administration	9 000 00	10 984 85	1 984 85
Sanitation – landfill	9 500 00	11 512 32	2 012 32
Other	1 700 00	3 961 53	2 261 53
Interest	10 000 00	5 784 74	(4 215 26)
Rents	500 00	925 00	425 00
Special assessments	1 000 00	1 200 04	200 04
Miscellaneous	200 00	1 254 79	1 054 79
Total revenues	<u>436 500 00</u>	<u>428 001 40</u>	<u>(8 498 60)</u>
Expenditures:			
Legislative:			
Township Board	32 950 00	20 436 17	(12 513 83)
General government:			
Supervisor	12 050 00	10 991 84	(1 058 16)
Elections	1 600 00	-	(1 600 00)
Assessor	45 000 00	18 912 34	(26 087 66)
Clerk	18 300 00	15 436 64	(2 863 36)
Board of Review	1 600 00	450 00	(1 150 00)
Treasurer	18 250 00	15 839 81	(2 410 19)
Building and grounds	13 600 00	12 791 32	(808 68)
Cemetery	9 070 00	4 812 69	(4 257 31)
Public safety:			
Ambulance	9 750 00	9 700 58	(49 42)
Fire protection	146 750 00	80 687 43	(66 062 57)
Police	34 188 00	32 371 46	(1 816 54)
Zoning Inspector	7 500 00	3 858 75	(3 641 25)
Planning – zoning	16 550 00	13 924 49	(2 625 51)

The accompanying notes are an integral part of these financial statements.



TOWNSHIP OF CLYDE  
Allegan County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND  
Year Ended March 31, 2004

EXHIBIT C  
Page 2

	<u>General Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Expenditures:			
Public works:			
Highways and streets	162 912 00	132 206 50	(30 705 50)
Street lighting	1 900 00	1 791 66	(108 34)
Sanitary landfill	14 200 00	12 589 01	(1 610 99)
Gypsy moth	500 00	-	(500 00)
Capital outlay	<u>15 500 00</u>	<u>10 985 45</u>	<u>(4 514 55)</u>
Total expenditures	<u>562 170 00</u>	<u>397 786 14</u>	<u>(164 383 86)</u>
Excess (deficiency) of revenues over expenditures	(125 670 00)	30 215 26	155 885 26
Fund balance, April 1	<u>125 670 00</u>	<u>747 517 18</u>	<u>621 847 18</u>
Fund Balance, March 31	<u>-</u>	<u>777 732 44</u>	<u>777 732 44</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF CLYDE  
Allegan County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN FUND BALANCE – CEMETERY PERPETUAL CARE FUND

Year Ended March 31, 2004

EXHIBIT D

Revenues:

Sale of cemetery lots  
Interest earnings

1 150 00  
121 32

Total revenues

1 271 32

Expenses

-

Net income

1 271 32

Fund balance, April 1

11 319 31

Fund Balance, March 31

12 590 63

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF CLYDE  
Allegan County, Michigan

COMBINED STATEMENT OF CASH FLOWS –  
CEMETERY PERPETUAL CARE FUND  
Year Ended March 31, 2004

EXHIBIT E

Cash flows from operating activities:	
Cash received from customers	<u>1 150 00</u>
Net cash provided (used) for operating activities	<u>1 150 00</u>
Cash flows from investing activities:	
Interest income	<u>121 32</u>
Net cash provided (used) for investing activities	<u>121 32</u>
Net increase (decrease) in cash and cash equivalents	1 271 32
Cash and cash equivalents, April 1	<u>11 319 31</u>
Cash and Cash Equivalents, March 31	<u><u>12 590 63</u></u>
Reconciliation of operating income to net cash provided (used) for operating activities:	
Operating income (loss)	<u>1 150 00</u>
Net Cash Provided (Used) for Operating Activities	<u><u>1 150 00</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF CLYDE  
Allegan County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the Township of Clyde, Allegan County, Michigan, conform to generally accepted accounting principles as applicable to governmental units.

Reporting Entity

In accordance with the provisions of the Governmental Accounting Standards Board's Statement No. 14 "The Financial Reporting Entity," the general purpose financial statements of the Township contain all the Township funds and account groups that are controlled by or dependent on the Township's executive or legislative branches.

The reporting entity is the Township of Clyde. The Township is governed by an elected Township Board. As required by generally accepted accounting principles, these financial statements present the Township as the primary government.

Basis of Presentation

The financial activities of the local unit are recorded in separate funds and account groups, categorized and described as follows:

Governmental Fund

General Fund

This fund is used to account for all financial transactions except those required to be accounted for in another fund, including the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants, and other intergovernmental revenues.

Fiduciary Funds

The Current Tax Collection Fund is used to account for assets held as an agent for others. The Cemetery Perpetual Care Fund is reserved for cemetery care.

Account Group

General Fixed Assets Account Group

This account group presents the fixed assets of the local unit utilized in its general operations.

TOWNSHIP OF CLYDE  
Allegan County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 1 – Summary of Significant Accounting Policies (continued)

Measurement Focus/Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present revenues and other financing sources and, expenditures and other financial uses in net current assets.

The modified accrual basis of accounting is followed by the governmental fund types. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual which is both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures, other than principal and interest on long-term debt, are recorded when the related fund liability is incurred, if measurable. Principal and interest on general long-term debt is recognized when due.

Revenues from local sources consist primarily of property taxes. Property taxes and revenues received from the State are recognized when susceptible to accrual. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

Property Taxes

Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned.

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls. The Township 2003 tax roll millage rate was 5.1966 mills and taxable value was \$43,066,459.00.

Fixed Assets

Purchases of fixed assets for all funds are recorded as expenditures in their respective funds at the time of purchase. They are also recorded at cost in the General Fixed Assets Group of Accounts as required by generally accepted accounting principles.

TOWNSHIP OF CLYDE  
Allegan County, Michigan

NOTES TO FINANCIAL STATEMENTS  
March 31, 2004

Note 1 – Summary of Significant Accounting Policies (continued)

Investments

Investments are stated at market.

Receivables

Receivables have been recognized for all significant amounts due to the Township. Allowances for uncollectible accounts have not been provided for in that collection is not considered doubtful and any uncollected amount would be immaterial.

Inventories

Inventories of supplies are considered to be immaterial and are not recorded.

Compensated Absences (Vacation and Sick Leave)

Township employees are not allowed to accumulate vacation and sick pay and therefore no accumulated amount is recorded in the financial statements.

Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these general purpose financial statements:

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.
2. The proposed budgets include expenditures as well as the methods of financing them.
3. Public hearings are held to obtain taxpayer comments.
4. The budgets are adopted at the activity level by a majority vote of the Township Board.
5. The budgets are adopted on the modified accrual basis of accounting.
6. The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.
7. The adopted budgets are used as a management control device during the year for all budgetary funds.

TOWNSHIP OF CLYDE  
Allegan County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 1 – Summary of Significant Accounting Policies (continued)

Budgets and Budgetary Accounting (continued)

8. Budget appropriations lapse at the end of each fiscal year.
9. The budgeted amounts shown in these general purpose financial statements are the originally adopted budgets with all amendments that were approved by the Township Board during the fiscal year.

Encumbrances

Encumbrances involving the current recognition of purchase orders, contracts and other commitments for future expenditures are not recorded.

Postemployment Benefits

The Township provides no postemployment benefits to past employees.

Note 2 – Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township Board has designated four banks for the deposit of Township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in all investments authorized by state law as listed above.

The Township's deposits and investments are in accordance with statutory authority.

TOWNSHIP OF CLYDE  
Allegan County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 2 – Deposits and Investments (continued)

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the cash deposits are as follows:

	<u>Carrying Amounts</u>
Total Deposits	<u>707 081 94</u>

Amounts in the bank balances are without considering deposits in transit or uncleared checks.

	<u>Bank Balances</u>
Insured (FDIC)	250 000 00
Uninsured and Uncollateralized	<u>459 392 45</u>
Total Deposits	<u>709 392 45</u>

The Township's investments are categorized below to give an indication of the level of risk assumed by the Township. Risk category 1 includes those investments that meet any one of the following criteria: insured, registered, or held by the Township or its agent. Risk categories 2 and 3 include investments that are neither insured nor registered. Category 2 includes investments that are held by the counterparty's trust department (or agent) in the Township's name. Category 3 includes investments held by the counterparty or the counterparty's trust department (or agent) but not in the Township's name.

The GASB Statement No. 3 risk disclosures for the Township's investments are categorized as follows:

	<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	<u>Carrying Amount</u>
<u>Investment Type</u>				
Risk-Categorized:				
Operating Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>



TOWNSHIP OF CLYDE  
Allegan County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 2 – Deposits and Investments (continued)

	<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	<u>Carrying Amount</u>
Total Risk-Categorized Investments	<u>-</u>	<u>-</u>	<u>-</u>	-
Nonrisk-Categorized: Financial Institution Pooled Funds				<u>45 817 01</u>
Total Investments				<u>45 817 01</u>

The financial institution pooled funds are not categorized because they are not evidenced by securities that exist in physical or book entry form. Management believes that the investments in the funds comply with the investment authority noted above.

Note 3 – Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

	<u>Balance 4/1/03</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 3/31/04</u>
Land and improvements	38 127 64	-	-	38 127 64
Buildings and improvements	112 699 37	-	-	112 699 37
Equipment	<u>378 074 72</u>	<u>10 985 45</u>	-	<u>389 060 17</u>
Totals	<u>528 901 73</u>	<u>10 985 45</u>	<u>-</u>	<u>539 887 18</u>

Note 4 – Deferred Compensation Plan

The Township does not have a deferred compensation plan.

Note 5 – Pension Plan

The Township does not have a pension plan.

TOWNSHIP OF CLYDE  
Allegan County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 6 – Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for property loss, torts, and workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Note 7 – Building Permits

As of March 31, 2004, the Township had building permit revenues of \$1,432.70 and no building permit expenses.

Note 8 – Total Columns on Combined Statements--Overview

The total columns on the combined financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation, because interfund eliminations have not been made in the aggregation of this data.

TOWNSHIP OF CLYDE  
Allegan County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT

Year Ended March 31, 2004

EXHIBIT F

Page 1

Township Board:	
Fees and per diem	3 340 00
Supplies	355 99
Professional services	7 482 26
Printing and publishing	171 81
Insurance	3 056 00
Payroll taxes	5 870 11
Miscellaneous	160 00
	<u>20 436 17</u>
Supervisor:	
Salary	10 837 00
Miscellaneous	154 84
	<u>10 991 84</u>
Assessor:	
Supplies	188 05
Professional services	15 234 96
Tax statement preparation	2 878 27
Miscellaneous	611 06
	<u>18 912 34</u>
Clerk:	
Salary	14 775 00
Supplies	641 64
Miscellaneous	20 00
	<u>15 436 64</u>
Board of Review:	
Fees and per diem	450 00
	<u>450 00</u>
Treasurer:	
Salary	14 700 00
Salary – Deputy	336 00
Supplies	803 81
	<u>15 839 81</u>
Building and grounds:	
Communications	1 262 93
Insurance	3 736 00
Utilities	3 359 64
Repairs and maintenance	4 432 75
	<u>12 791 32</u>
Cemetery:	
Wages	485 00
Supplies	97 69
Repairs and maintenance	4 230 00
	<u>4 812 69</u>

TOWNSHIP OF CLYDE  
Allegan County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT

Year Ended March 31, 2004

EXHIBIT F

Page 2

Ambulance:	
Per diem	500 00
Contracted services	<u>9 200 58</u>
	<u>9 700 58</u>
Fire protection:	
Wages	24 420 30
Contracted services	35 309 00
Insurance	7 905 52
Utilities	870 54
Repairs and maintenance	7 136 24
Supplies	3 991 01
Miscellaneous	<u>1 054 82</u>
	<u>80 687 43</u>
Police protection:	
Contracted services	<u>32 371 46</u>
Zoning Inspector	<u>3 858 75</u>
Planning – zoning:	
Fees and per diem	6 680 00
Contracted services	5 618 81
Printing and publishing	1 269 68
Supplies	<u>356 00</u>
	<u>13 924 49</u>
Highways and streets:	
Contracted services	<u>132 206 50</u>
Street lighting:	
Utilities	<u>1 791 66</u>
Sanitary landfill:	
Salaries and wages	2 850 00
Maintenance and repair	9 724 00
Miscellaneous	<u>15 01</u>
	<u>12 589 01</u>
Capital outlay	<u>10 985 45</u>
Total Expenditures	<u>397 786 14</u>

TOWNSHIP OF CLYDE  
Allegan County, Michigan

COMBINING BALANCE SHEET – ALL FIDUCIARY FUND TYPES  
March 31, 2004

EXHIBIT G

	<u>Current Tax Collection</u>	<u>Cemetery Perpetual Care</u>	<u>Total</u>
<u>Assets</u>			
Cash in bank	<u>117 76</u>	<u>12 590 63</u>	<u>12 708 39</u>
Total Assets	<u><u>117 76</u></u>	<u><u>12 590 63</u></u>	<u><u>12 708 39</u></u>
<u>Liabilities and Fund Balances</u>			
Liabilities			
Due to other funds	<u>117 76</u>	<u>-</u>	<u>117 76</u>
Total liabilities	<u><u>117 76</u></u>	<u>-</u>	<u><u>117 76</u></u>
Fund balances:			
Reserved for cemetery care	<u>-</u>	<u>12 590 63</u>	<u>12 590 63</u>
Total fund balances	<u><u>-</u></u>	<u><u>12 590 63</u></u>	<u><u>12 590 63</u></u>
Total Liabilities and Fund Balances	<u><u>117 76</u></u>	<u><u>12 590 63</u></u>	<u><u>12 708 39</u></u>

TOWNSHIP OF CLYDE  
Allegan County, Michigan

CURRENT TAX COLLECTION FUND  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
Year Ended March 31, 2004

EXHIBIT H

	<u>Balance</u> <u>4/1/03</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>3/31/04</u>
<u>Assets</u>				
Cash in bank	<u>108 68</u>	<u>967 751 08</u>	<u>967 742 00</u>	<u>117 76</u>
<u>Liabilities</u>				
Due to General Fund	108 68	192 707 67	192 698 59	117 76
Due to others	<u>-</u>	<u>775 043 41</u>	<u>775 043 41</u>	<u>-</u>
Total Liabilities	<u>108 68</u>	<u>967 751 08</u>	<u>967 742 00</u>	<u>117 76</u>

# **CAMPBELL, KUSTERER & CO., P.C.**

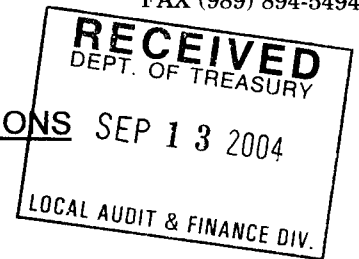
CERTIFIED PUBLIC ACCOUNTANTS

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## **AUDIT COMMUNICATION AND** **REPORT OF COMMENTS AND RECOMMENDATIONS**



August 12, 2004

To the Township Board  
Township of Clyde  
Allegan County, Michigan

We have audited the financial statements of the Township of Clyde, for the year ended March 31, 2004. As required by auditing standards generally accepted in the United States, the independent auditor is required to make several communications to the governing body having oversight responsibility for the audit. The purpose of this communication is to provide you with additional information regarding the scope and results of our audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

### **AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES**

We conducted our audit of the financial statements of the Township of Clyde in accordance with auditing standards generally accepted in the United States. The following paragraph explains our responsibilities under those standards.

Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets, and for devising an internal control structure that will, among other things, help assure the proper recording of transactions. The transactions that should be reflected in the accounts and in the financial statements are matters within the direct knowledge and control of management. Our knowledge of such transactions is limited to that acquired through our audit. Accordingly, the fairness of representations made through the financial statements is an implicit and integral part of management's accounts and records. However, our responsibility for the financial statements is confined to the expression of an opinion on them. The financial statements remain the responsibility of management.

The concept of materiality is inherent in the work of an independent auditor. An auditor places greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than those items of lesser importance or those in which the possibility of material error is remote.

To the Township Board  
Township of Clyde  
Allegan County, Michigan

For this purpose, materiality has been defined as "the magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

An independent auditor's objective in an audit is to obtain sufficient competent evidential matter to provide a reasonable basis for forming an opinion on the financial statements. In doing so, the auditor must work within economic limits; the opinion, to be economically useful, must be formed within a reasonable length of time and at reasonable cost. That is why an auditor's work is based on selected tests rather than an attempt to verify all transactions. Since evidence is examined on a test basis only, an audit provides only reasonable assurance, rather than absolute assurance, that financial statements are free of material misstatement. Thus, there is a risk that audited financial statements may contain undiscovered material errors or fraud. The existence of that risk is implicit in the phrase in the audit report, "in our opinion."

In the audit process, we gain an understanding of the internal control structure of an entity for the purpose of assisting in determining the nature, timing, and extent of audit testing. Our understanding is obtained by inquiry of management, testing transactions, and observation and review of documents and records. The amount of work done is not sufficient to provide a basis for an opinion on the adequacy of the internal control structure.

### **SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies are described in Note 1 to the financial statements.

### **OTHER COMMUNICATIONS**

Auditing standards call for us to inform you of other significant issues such as, but not limited to, 1) Accounting estimates that are particularly sensitive because of their significance to the financial statements or because of the possibility that future events affecting them may differ markedly from management's current judgments; 2) Significant audit adjustments that may not have been detected except through the auditing procedures we performed; 3) Disagreements with management regarding the scope of the audit or application of accounting principles; 4) Consultation with other accountants; 5) Major issues discussed with management prior to retention; and 6) Difficulties encountered in performing the audit.

We have no significant issues, regarding these matters, to report to you at this time. Audit adjustments were minimal, and are available to review.



To the Township Board  
Township of Clyde  
Allegan County, Michigan

### **GASB 34 IMPLEMENTATION**

The Governmental Accounting Standards Board issued a new reporting model for governmental units which is to be implemented over the next few years. The implementation date of this pronouncement for the Township of Clyde will begin with the year ended March 31, 2004, and will need to be implemented fully by March 31, 2005. The daily operations and recording transactions should not change significantly, however, the Township will be required to maintain additional records for the year end adjustments to the final presentation format.

### **COMMENTS AND RECOMMENDATION REGARDING INTERNAL CONTROLS/ COMPLIANCE/ EFFICIENCY**

Our procedures disclosed the following conditions that we would like to bring to your attention:

#### **SEGREGATION OF DUTIES**

A separation of duties between persons who authorize transactions and persons who have control over the related assets does not always exist.

The least desirable accounting system is one in which an employee is responsible for executing the transaction and then recording the transaction from its origin to its ultimate posting in the General Ledger. This increases the likelihood that intentional or unintentional errors will go undetected. In most cases, adequate segregation of duties substantially increases control over errors without duplication of effort.

We understand that due to the size of needed staff, a proper segregation of duties may be impractical and the "cost to benefit" relationship may not justify the addition of accounting staff to accomplish the desired segregation.

These conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the Township's financial statements and this communication of these matters does not affect our report on the Township's financial statements, dated March 31, 2004.

#### **SUMMARY**

We welcome any questions you may have regarding the foregoing comments and we would be happy to discuss any of these or other questions that you might have at your convenience.

Sincerely,

*Campbell, Kusterer & Co., P.C.*

CAMPBELL, KUSTERER & CO., P.C.  
Certified Public Accountants